

## **“A Case Study on Empowering Women for Micro-Finance and Financial Literacy in Ghangola Village, Gurugram, Haryana”**

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### **Abstract**

Empowering women is widely regarded as a key responsibility of every government. Historically, limited attention was devoted to addressing empowerment issues or exploring ways to integrate empowerment with sustainability goals. Access to savings and credit plays a crucial role in enhancing women's economic participation by enabling them to make significant decisions regarding financial matters. When women have control over savings and credit decisions, they can better optimize their own well-being as well as that of their households. Women's empowerment involves fostering independence, not only financially but across all dimensions of social existence. This case study examines the impact of a sensitization program on micro-finance and financial literacy among women in Ghangola Village, Haryana. The initiative aimed to advance women's economic empowerment by improving their access to financial resources and enhancing their financial knowledge. A mixed-methods approach was adopted for the study, combining surveys, interviews, and focus group discussions to evaluate the program's outcomes. Over six months, the sensitization program focused on building awareness about the advantages of micro-finance, imparting essential financial literacy skills, and encouraging entrepreneurship through the formation and development of Self-Help Groups (SHGs) within the community. The findings highlight a positive change in participants' attitudes and perceptions regarding financial matters, marked by an improved understanding of basic financial concepts, increased use of micro-finance tools, and the establishment of SHGs.

**Keywords:** Financial Literacy, Financial Inclusion, Micro Finance, Women Empowerment, Sensitization, Sustainability

### **Introduction**

Women's empowerment has become a crucial aspect of socio-economic development, particularly in rural India, where women face structural barriers to financial inclusion and economic independence. Access to financial resources and financial literacy plays a pivotal role in transforming women's lives by enabling them to participate in economic activities, improve household well-being, and contribute to community development. Despite India's recent advancements in the global economy, certain segments of the population, especially the economically disadvantaged in rural areas, continue to be largely unaffected by this progress. A key reason for this disparity is their limited access to financial institutions, which prevents them from engaging in essential banking activities such as saving, borrowing, and investing. This lack of access, commonly referred to as financial exclusion, limits their ability to participate in economic growth and improve their financial well-being.

### **Financial Inclusion and Financial Literacy:**

The Government of India (GOI) (2008) describes financial inclusion as the process of ensuring that marginalized and economically weaker sections of society have access to vital financial services, including prompt and sufficient credit, at a reasonable cost. Similarly, Chakraborty (2011) emphasizes that financial inclusion extends beyond mere access, ensuring that all sections of society, particularly the vulnerable and low-income groups, can obtain necessary financial products and services through formal financial institutions in a fair, transparent, and affordable manner. Thorat (2006) further broadens this definition, describing Financial inclusion as a delivery of affordable financial services—such as access to deposits, credit, and insurance—through regulated financial entities to individuals who are generally marginalized from the financial sector. These definitions collectively reinforce the idea that financial inclusion is not just about providing financial services but also about ensuring equitable access, affordability, and transparency to promote inclusive economic growth.

Financial inclusion is a critical driver of economic development, as access to financial resources enables marginalized communities to build financial stability and escape the cycle of poverty. Across many developing nations, including India, microfinance has emerged as a transformative tool for poverty alleviation, providing financial services such as low-interest loans to underserved populations. These financial interventions empower individuals to initiate businesses, invest in income-generating activities, and ultimately attain self-sufficiency.

Financial literacy awareness is especially crucial for women, as they frequently encounter obstacles to accessing financial resources and starting businesses due to entrenched societal and cultural traditions.. A lack of financial awareness among rural women is a major contributor to financial exclusion, as understanding financial concepts is essential for making informed economic decisions. Consequently, financial literacy programs that educate women on sound financial management and decision-making can help address the limitations of microfinance. The gender gap in financial literacy is a global concern, as women tend to have lower financial knowledge than men in almost every country. According to the Reserve Bank of India's National Strategy for Financial Inclusion, strengthening financial inclusion can play a pivotal role in reducing income disparities, alleviating poverty, and boosting overall economic productivity.

### **Microfinance and Women's Empowerment**

Microfinance is generally understood as the delivery of financial services—including savings, credit, and insurance—to economically disadvantaged and low-income individuals through diverse financial service providers. However, in practical terms, the phrase is often specifically associated with financial support offered by organizations that classify themselves as microfinance institutions (MFIs). The origins of microfinance can be traced back to the mid-19th century when theorist Lysander Spooner advocated for small-scale lending to aid entrepreneurs and farmers in overcoming poverty. Nevertheless, the contemporary microfinance movement gained traction in the 1970s with the founding of the Grameen Bank in Bangladesh by Muhammad Yunus, who introduced microcredit as a means of economic upliftment. Since then, microfinance has expanded into a global development tool, giving rise to various models, including the Grameen Bank's solidarity group method, Latin America's community-based financial frameworks, and India's self-help groups (SHGs).

SHGs, considered as most common microfinance model in India, are small voluntary associations of individuals from similar socio-economic backgrounds collectively address common challenges through cooperation (NABARD, 2000). These groups facilitate collective savings and access to microcredit, enabling women to finance income-generating activities, invest in education and healthcare, and achieve financial independence. Recognizing the transformative potential of SHGs, the Government of India has integrated microfinance initiatives into various developmental programs aimed at women's economic empowerment.

The economic empowerment of women in India is being pursued through the convergence of multiple government schemes and programs, which emphasize the formation and promotion of SHGs to improve women's access to financial resources. Programs such as the **National Rural Livelihood Mission (NRLM)** under the Ministry of Rural Development and **Swawlamban** (formerly Swashakti and Swayamsidha) under the Ministry of Women and Child Development focus on strengthening SHGs to facilitate financial inclusion. Additionally, coordinated efforts among institutions like **NABARD, Rashtriya Mahila Kosh (RMK), financial institutions, and nationalized banks** ensure that women-led SHGs have access to necessary credit facilities, thereby fostering financial independence and economic mobility. According to Lusardi and Mitchell (2014), financial literacy is a critical determinant of financial behaviour, influencing saving patterns, investment decisions, and financial security. In rural areas, where financial knowledge is often limited, financial literacy initiatives can significantly enhance the benefits of microfinance, ensuring that women use financial resources judiciously and avoid over-indebtedness.

Despite the recognized benefits of microfinance and financial literacy, several challenges hinder their full potential in rural India. Restricted access to formal banking facilities, insufficient knowledge of financial products, socio-cultural constraints, and a lack of institutional backing persist as barriers to women's financial independence. Studies have shown that many women in rural areas rely on informal borrowing due to constraints in accessing microfinance institutions. Additionally, patriarchal norms often restrict women's financial autonomy, limiting their ability to make independent financial decisions. Research by Goetz and Gupta (1996) highlights that, in many cases, loans accessed by women are controlled by male household members, thereby reducing their direct benefits.

By integrating microfinance with broader financial inclusion initiatives, these efforts seek to create a sustainable and inclusive economic environment where women can actively participate in entrepreneurship, household decision-making, and community development. As microfinance continues to evolve, strengthening financial literacy programs alongside microcredit initiatives remains critical to maximizing its impact and ensuring long-term financial sustainability for women in rural India. Through this study, we aim to contribute to the broader discourse on financial inclusion and women's empowerment by highlighting the localized impacts of microfinance and financial literacy in rural Haryana. The results

of this study will be instrumental for policymakers, financial organizations, and development professionals in formulating and executing more impactful financial inclusion initiatives tailored to the specific needs of rural women.

### Literature Review

Financial inclusion and microfinance have been extensively studied in the context of poverty alleviation and women's empowerment. According to Thorat (2006), financial inclusion entails providing access to essential financial services, including savings, credit, and insurance, to marginalized populations. Studies by Duflo and Udry (2004) highlight the positive correlation between financial literacy and women's decision-making capabilities. Microfinance, pioneered by Muhammad Yunus and the Grameen Bank in the 1970s, has played a vital role in fostering economic independence among rural women. In India, self-help groups (SHGs) have emerged as a dominant microfinance model, facilitating collective savings and access to credit. Studies by Puhazhendhi and Sai (2001) and NABARD (2000) demonstrate that SHGs significantly contribute to women's social and economic empowerment by enhancing their confidence and participation in household decision-making. However, despite these positive impacts, financial literacy remains a key barrier that limits the effective utilization of financial services. In Bangladesh, Khandker et al. (1998) observed that involvement in microfinance initiatives had a favorable effect on household income, production, and employment, particularly in the rural non-farm sector. Their research also suggested that the expansion of self-employment came at the cost of wage employment, ultimately contributing to a rise in rural wages. Similarly, Borbora and Mahanta (2001) explored the impact of microcredit on income generation among marginalized groups and highlighted the role of Self-Help Groups (SHGs) in promoting a culture of savings among low-income communities. Furthermore, Dahiya et al. (2001) documented a significant increase in annual income among SHG members after joining such groups, with an overall rise of 94.3% in the post-linkage phase. This economic advancement was accompanied by social improvements, including greater empowerment of women, enhanced educational opportunities for children, and a reduction in social challenges such as alcoholism among male household members. Additionally, Puhazhendhi and Sai (2001) highlighted that SHG participation significantly contributed to the social empowerment of rural women, as reflected in increased self-confidence, improved family dynamics, enhanced communication skills, and behavioural changes. Their findings suggest that SHGs serve as an effective institutional mechanism for both economic and social empowerment, with the latter exhibiting a more pronounced impact.

### Research Objectives

This study aims to:

1. Evaluate baseline financial literacy levels among women in Ghangola Village.
2. Assess the awareness and perceptions of microfinance within the community.
3. Identify social, cultural, and institutional barriers to financial inclusion.
4. Measure the impact of financial literacy programs on women's financial decision-making.
5. Examine the role of SHGs in promoting economic self-reliance.

### Research Methodology

The research employs a mixed-method approach using quantitative surveys, qualitative interviews, and focus group discussions. Data collection was conducted in three phases:

1. **Preliminary Surveys:** A structured questionnaire was administered to 50 women in the village to assess their financial literacy levels, banking habits, and microfinance awareness.
2. **Intervention Program:** The sensitization program, conducted over six months, included expert sessions on financial management, micro-loans, and entrepreneurship.
3. **Post-Intervention Analysis:** Feedback was gathered through interviews and focus groups to evaluate changes in financial behaviour and knowledge.

### Pre-Intervention Approach

**Demographic Profile of Ghangola Village:** Ghangola village, located in Sohna tehsil of Gurgaon district, Haryana, has a population of 3,000, with 50% males and 50% females. The literacy rate is 69.88% (80.05% males, 58.06% females). The village has three government schools, two private schools, one government hospital, a library, a major water booster plant supplying 25 villages, and one Gramin Bank. Economically, 40% of the population is below the poverty line, with most belonging to the economically weaker section. Only 10-15% lead better lives, the saving rate is poor, and financial awareness among women is low. Poor socio-economic condition of women includes limited job opportunities, lack of market access, and patriarchal traditions restrict women from working. Most depend on subsistence farming, earning little to no income, and rely financially on their spouses. Only 5-10% engage in small-scale businesses or jobs. Migration to cities for better opportunities is common. Females of the village financially dependent on their spouse and hardly get income in form of gifts from parents and in-laws. There is no other source of the income for the females who are not working. The project focuses on gender equality and sustainable living through microfinance and financial literacy programs. Despite many women having bank accounts, most are inactive due to low financial literacy. Self-help groups

exist but have minimal savings, limiting access to microfinance loans. The initiative aims to enhance financial awareness and economic participation among women.

- **Bank Account Ownership:** 95% had Jan-Dhan Yojna accounts, but most remained inactive due to lack of financial literacy and income level.
- **Financial Decision-Making:** Only **5% made independent financial decisions**, while 75% relied on spouses.
- **Banking Usage:** Limited transactions, minimal knowledge of digital banking tools.
- **Women Getting Salary in their Account:** No women Get salary in their account as they aren't working or doing job. Instead, the money in their account comes from gifts from relatives and husband.
- **Frequency of Using Banking Services and its purpose:** Most of the women use their banking services when they deposit and withdraw money (3-4 times in a year). No other type of transactions is done by them. Knowledge regarding operating the ATM, Net Banking is very low.

#### **Intervention Approach:**

1. **Focus Group Interview:** To assess the financial literacy levels and economic empowerment of women in Ghangola village, focus group interviews were conducted with diverse groups of women, including homemakers, self-employed women, and those engaged in agricultural activities. The discussions provided valuable insights into their financial knowledge, access to financial resources, and the socio-cultural barriers affecting their economic independence. The findings revealed that a majority of women in Ghangola rely on male family members for financial decision-making. Husbands, fathers, or brothers manage household finances, with women having little or no say in income allocation, savings, or investments. Despite having access to basic banking services, most women were unaware of modern financial tools such as **UPI transactions, ATM operations, online banking, and government financial schemes**. While a significant number of women had bank accounts, many were inactive, primarily used by male family members to receive government subsidies or remittances. Many expressed a desire to gain financial independence and explore income-generating activities. However, their enthusiasm was often overshadowed by societal norms, household responsibilities, and limited access to structured financial education programs. Cultural beliefs that prioritize men as financial decision-makers and discourage women from actively engaging in financial activities have perpetuated dependency. Additionally, low literacy levels and minimal exposure to digital banking tools have further constrained their ability to leverage financial resources. Women participating in SHGs often contribute small amounts, but the accumulated funds are insufficient to secure loans from microfinance institutions (MFIs).

#### **Financial Literacy and Financial Inclusion Program**

A Financial Literacy and Financial Inclusion Program was conducted at the Ghangola Village Library, with the participation of 40 women aged 15-50 years. The initiative aimed to enhance financial awareness, promote savings habits, and introduce participants to microloan opportunities. The program included interactive sessions led by faculty members and students, focusing on financial planning, budgeting, debt management, and the importance of savings. Participants were introduced to local financial institutions, including rural and commercial banks that offer low-interest microloans, helping them explore financial options to support small businesses and household needs. Additionally, the sessions provided insights into government financial schemes, digital banking tools, and self-help groups (SHGs), emphasizing their role in promoting financial inclusion.

#### **Visit to Gramin Bank and Microfinance Awareness Session**

A Microfinance Awareness Session was conducted with the assistance of a Grameen Bank Manager, highlighting the differences between group lending and individual lending models, the SHG lending mechanism, and the contribution of microfinance to poverty reduction and financial inclusion. The session emphasized how microfinance supports small businesses, enhances financial access for marginalized communities, and contributes to women's economic empowerment. The session reinforced the need for greater awareness among women regarding the accessibility of microfinance services to promote sustainable economic growth in rural areas.

**Creation of Self-Help Group (SHGs):** With the assistance of other SHGs, two self-help groups (SHGs) comprising ten members each were formed in Ghangola Village. While these groups have been established informally, they are yet to be registered under the National Rural Livelihood Mission (NRLM). The primary objective of forming SHGs is to empower economically disadvantaged individuals, particularly women, by fostering financial independence, mutual support, and access to financial resources. These groups will provide a structured platform for members to develop financial literacy, improve savings habits, and access microloans, enabling them to make informed financial decisions.

#### **Limitations & Barriers Observed during Study**

Financial inclusion faces **supply-side barriers**, where financial institutions fail to offer accessible services to low-income groups. Barriers include minimum balance requirements, lack of nearby banks and ATMs in rural areas, and stringent

documentation requirements. In **Ghangola**, banks avoid operating due to low profitability, leading to restricted access to financial services. Small savings by SHGs and households further reduce banks' confidence in providing loans.

On the **demand side**, financial illiteracy among the poor, especially women, limits financial inclusion. Many lack basic financial knowledge, leading to mistrust of banks and susceptibility to risky borrowing practices. Women in Ghangola, in particular, have minimal awareness of financial products that could empower them economically. Cultural constraints further hinder their access to financial services and entrepreneurship. Addressing these barriers requires improving financial literacy and designing inclusive banking solutions tailored to rural and low-income populations.

**Economic Empowerment:** By imparting financial literacy and introducing micro-finance concepts, the program can empower women to make informed financial decisions. This newfound knowledge may lead to entrepreneurial ventures, improved income-generating activities, and overall economic self-sufficiency.

**Increased Financial Inclusion:** The program has the potential to increase women's access to formal financial services, fostering financial inclusion. By understanding banking systems, savings, and credit facilities, women may become more integrated into the formal financial sector, providing a secure platform for savings and investments.

**Poverty Alleviation:** As women gain the skills to manage their finances effectively, they may be better equipped to lift themselves and their families out of poverty. Micro-finance initiatives, in particular, can provide small loans for income-generating activities, contributing to poverty alleviation at the household level.

**Enhanced Entrepreneurship:** Financial literacy can stimulate entrepreneurial spirit among women, leading to the establishment of small businesses. This, in turn, can contribute to local economic development, job creation, and a more vibrant community economy.

**Improved Household Welfare:** As women become more financially savvy, the benefits extend to the entire household. Improved financial management can positively impact children's education, healthcare, and overall well-being, creating a ripple effect of positive change.

**Women's Empowerment:** Beyond economic aspects, the program can foster a sense of empowerment among women. Knowledge about financial matters can boost confidence, decision-making abilities, and participation in community affairs, challenging traditional gender roles and contributing to broader social change.

**Long-Term Sustainability:** By building a foundation of financial literacy, the program has the potential to create sustainable change. Women who acquire financial skills can pass on this knowledge to future generations, creating a lasting impact on the community.

### **Conclusion:**

The study highlights that financial literacy plays a crucial role in enhancing financial inclusion among women in Ghangola, yet multiple challenges remain unaddressed. While self-help groups (SHGs) serve as an alternative to formal financial institutions by extending financial services to underserved areas, supply-side barriers persist due to the reluctance of banks and microfinance institutions to operate in low-profit rural regions. Additionally, low literacy levels and limited exposure to financial concepts make it difficult for some women to grasp the financial education provided. However, a portion of participants successfully understood and applied financial concepts, indicating that tailored training programs can positively impact financial inclusion. Long-term monitoring could provide deeper insights into the effectiveness of financial education and the role of SHGs in women's empowerment and gender equality in financial access.

### **Way Forward and Recommendations**

1. **Establishing Micro Enterprises:** Future studies should explore setting up micro-enterprises in Ghangola through institutional funding. Micro-loans can be facilitated for SHGs once they complete a six-month tenure, enhancing their financial independence.
2. **Skill Development and Market Linkages:** Women can be trained in specific income-generating skills, such as handicrafts, tailoring, food processing, or other small-scale industries, under expert guidance. Collaboration with e-commerce platforms can provide them access to larger markets, improving their earning potential.
3. **Expanding Financial Literacy Programs:** Training modules should be adapted to suit the educational background of rural women, incorporating visual and practical learning approaches to improve comprehension.
4. **Incubating Startups with SHGs and Students:** Extending the study to create a startup incubation program, involving SHG members and students of KR Mangalam University, can foster entrepreneurial spirit and sustainable financial empowerment in rural areas.

5. **Policy Advocacy and Institutional Support:** Collaboration with government agencies, financial institutions, and NGOs can help create policies that support women's financial inclusion, ensuring they have access to credit, training, and business opportunities.

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